

**GENERALLY REVISE UNEMPLOYMENT INSURANCE  
LAWS  
SB 150**

**Department Testimony**

**Good Morning Chairman Bayleat and members of the  
committee:**

**I am Roy Mulvaney, Administrator for the Unemployment Insurance Division. As Senator Brueggeman stated SB 150 contains minor changes to clarify existing language and some substantive changes to our unemployment insurance laws. I will briefly touch on some of the changes:**

**Sections 8, 9, 13, and 14 must be revised to conform to recent U.S. Department of Labor rulings concerning:**

- **The confidentiality of UI information**
- **The definition of an individual's attachment to labor market**
- **A revision to the definition of part-time employment; and**
- **Clarification of an unemployed individual's responsibility to be available for work**

**We continue to revise UI tax laws to build on the 2005 legislation you passed that prohibits SUTA dumping. Sections 5, 6, and 11 outline the proposed changes that include:**

- **Assigning the same experience rate to the accounts of closely related companies**
- **Extending the time frame for reestablishing employer accounts from 3 to 5 years to prevent avoidance of tax liability**
- **Providing an exception to "exclusion from employment" where LLC's or partnerships are created solely to evade UI coverage**

- **Employers, in other states that set up separate entities to take advantage of establishing separate UI employer accounts for employees that have higher turnover or longer periods of unemployment, resulting in higher tax rates for these accounts than their other accounts with lower unemployment costs.**

**In the UI benefit area we are requesting revisions to:**

- **Section 2 and 3 – defining when an unemployed individual may receive benefits while on suspension or leave of absence.**
- **Section 4 – defining employer responsibilities to provide claim information to the department. If an employer does not respond, without good cause, by the designated date, the employer would lose the right to further appeal of the decision and would be charged for their portion of the benefits paid. The vast majority of Montana employers respond timely to requests for information regarding a benefit claim issue. There are some out of state employers and third party administrators who wait until the lower level hearing ( weeks) to provide information which can result in large overpayments to be repaid by claimants. This attempts to make both the claimant and employer responsible for providing information.**
- **Section 15 – removes the requirement that when an individual leaves work due to an illness or injury, the individual must have left work upon the advice of a health care provider or risk the loss of benefits. The recommended change would allow the health care provider to retroactively certify that it was necessary for a person to leave the work due to for example a bad cold that later turned into pneumonia and benefits would be allowed.**